



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

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The Department of Labor and Industrial Relations (DLIR) is responsible for ensuring and increasing the economic security, well-being, and productivity of Hawaii's workers.

News & Events »

- **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS PREPARES HAWAII'S BUSINESSES FOR HIGHER UNEMPLOYMENT INSURANCE TAX IN 2010**
- Information for Laid Off / Displaced Workers
- Emergency Unemployment Compensation (extended benefits)
- HAWAII'S SEASONALLY ADJUSTED UNEMPLOYMENT RATE AT 7.2 PERCENT IN AUGUST



Director
Darwin Ching

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Governor Linda Lingle

Director Darwin L.D. Ching

Department of Labor & Industrial Relations

9/17/2009

Presentation to the 2009 Legislature

(Updating 1/29/09; 4/07/09; and 7/20/09)



9/17/09 Briefing to Senate & House Committees on Labor

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DEPARTMENT OF LABOR &
INDUSTRIAL RELATIONS



Status of the Unemployment Trust Fund



Current Status of the Fund

- The fund balance at the end of 2008 was \$430 million. There was an average of \$17.7 million per month in benefit payouts for 2008;
- The balance of the UI Trust Fund at the end of August 2009 was \$243,800,000. There was an average of \$31.9 million per month in benefit payout from January to August of 2009.
- Current Department projections have the Trust Fund balance at the end of December 2009 at \$118,500,000.



Current Status of the Fund Cont.

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
2008										
Jan	2.9%	1.27%	7,520	5,884,573	6,782,703	12,846,083	552,005,441			
Feb	2.8%	1.32%	7,852	11,433,430	8,383	11,506,075	551,941,179			
Mar	2.9%	1.33%	7,898	13,381	15,223	13,015,492	538,954,290			
Apr	3.1%	1.41%	8,350	8,290,647	6,802,916	13,907,226	540,140,627			
May	3.4%	1.54%	9,149	16,067,654	-4,867	15,361,780	540,841,633			
Jun	4.4%	1.69%	10,018	96,584	6,501,325	18,249,665	529,189,878			
Jul	4.3%	1.81%	10,777	4,684,177	-5,128	18,231,203	515,637,723			
Aug	4.3%	1.95%	11,615	6,565,963	9,051	17,493,699	504,719,038			
Sep	4.6%	2.04%	12,109	-13,354	6,022,281	21,415,808	489,312,158			
Oct	4.4%	2.17%	12,906	2,718,646	0	21,017,006	471,013,798			
Nov	5.0%	2.29%	13,658	3,589,300	7,808	20,552,352	454,058,555			
Dec	5.1%	2.50%	14,860	66,972	5,369,430	28,736,028	430,758,928	Schedule A		
CY 2008	3.9%	1.78%	11,611	59,397,972	31,509,125	212,332,417	430,758,928	0.7%	\$13,000	\$90
2009										
Jan	6.1%	2.77%	16,441	1,904,055	-2,721	27,034,275	405,625,987			
Feb	6.4%	2.98%	17,736	3,365,512	-3,493	28,094,774	383,073,711*			
Mar	7.0%	3.16%	18,782	-278,979	4,538,880	35,118,096	352,215,516			
Apr	6.9%	3.35%	19,820	8,931,143	-6,386	32,124,535	322,165,684*			
May	7.2%	3.48%	20,619	12,886,974	-3,226	31,740,303	303,309,129			
Jun	8.0%	3.56%	21,054	33,266	3,494,313	36,186,672	279,785,004*			
Jul	7.2%	3.62%	21,245	4,229,983	-8,446	31,929,595	251,825,950*			
Aug		3.58%	21,027	4,940,468	1,359	32,829,923	243,838,908*	Schedule A		
Jan-Aug 2009				36,012,421	8,010,278	255,058,172	243,838,908*	0.7%	\$13,000	\$90



CURRENT STATUS OF THE FUND CONT. LEGEND

*Title IX (Reed Act) distribution, Feb 2009:	\$2,180,480
*Title IX (Reed Act) withdrawal, April 2009:	\$6,850,055
*ARRA UI Modernization received, June 2009:	\$10,175,575
*Title IX (Reed Act) withdrawal, June 2009:	\$1,040,607
*Title IX (Reed Act) withdrawal, July 2009:	\$250,995
*Title IX (Reed Act) withdrawal, August 2009:	\$450,096
*ARRA UI Modernization received, August 2009:	\$20,351,150

TUR = Total Unemployment Rate, not seasonally adjusted (2008 rates revised March 2009)

IUR = Insured Unemployment Rate; week including the 12th of the month

13-Wk Avg Claims: 13 week moving average claims for State Unemployment programs, used for IUR, excludes federal and extended benefits

Taxes = UI taxes collected, adjusted for refunds and transfers to P&I and E&T funds, and Reed Act distributions

Outgo = Benefits paid from the contributing employer trust fund, adjusted for claimant refunds, cancelled warrants, and interstate combined wage claim reimbursements.

Avg Taxes @ TWB = Taxes on employee with annual wages at or above the taxable wage base at average tax rate; actual tax rates range from zero to 5.4%.



Trust Fund Status in other States

- The Department sent out requests in July 2009 for information regarding the status of UI trust funds in the other 49 states.
- Of the 20 states that replied, 14 were insolvent and 4 were going to be insolvent by the end of 2009.



TRUST FUND AND LEGISLATION SURVEY

9/21/09

STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
AL	Insolvent – 9/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.44%/6.04%		
AK		Taxable wage base \$32,700. Min/Max tax rate = 1.00%/5.40%		
AZ		Tax rate schedule adjustments by calculating the fund ratio and identifying required income rate. Taxable wage base \$7,000. Min/Max tax rate = 0.02%/5.40%		None planned.
AR	Insolvent – 3/09 federal loan	Taxable wage base \$10,000, \$12,000 in 2010. Min/Max tax rate = 0.80%/6.70%	Increased taxable wage base.	
CA	Insolvent – 1/09 federal loan (\$17.8 billion deficit by 12/2010 if no changes.)	15% surcharge required when trust fund below specified level. (Tax collection of \$11 billion for 2009-2010.) Taxable wage base \$7,000. Min/Max tax rate = 1.50%/6.20%		
CO		Taxable wage base \$10,000. Min/Max tax rate = 0.0%/5.4%		
CT		Taxable wage base \$15,000. Min/Max tax rate = 1.20%/6.10%		
DE		Taxable wage base \$10,500. Min/Max tax rate = 0.10%/8.00%		
DC		Taxable wage base \$9,000. Min/Max tax rate = 1.50%/6.80%		
FL	Insolvent - 8/09 federal loan	<u>Automatic provisions to increase tax rates but trust fund level was adjusted downward in 2002.</u> Taxable wage base \$7,000; \$8,500 in 2010 – 2014. Min/Max tax rate = 0.10%/5.40%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
GA		Taxable wage base \$8,500. Min/Max tax rate = 0.03%/5.40%		
HI		Taxable wage base \$13,000; \$37,800 in 2010. Min/Max tax rate = 0.00%/5.40%		
ID	Insolvent – 6/09 federal loan	Employer tax rate increases 70% and maximum weekly benefit amount decreases 3% in 2009. Taxable wage base \$33,200. Min/Max tax rate = 0.26%/5.40%	70% tax rate increase in 2009.	
IL	Insolvent – 7/09 federal loan	Taxable wage base \$12,300. Min/Max tax rate = 0.80%/7.20%		
IN	Insolvent – 11/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.10%/5.60%		
IA		Taxable wage base \$23,700. Min/Max tax rate = 0.00%/8.00%		
KS		Taxable wage base \$8,000. Min/Max tax rate = 0.00%/7.40%		
KY	Insolvent – 1/09 federal loan	Taxable wage base \$8,000. Min/Max tax rate = 0.60%/9.75%		Created UI Task Force in 2009.
LA		Taxable wage base \$7,000. Min/Max tax rate = 0.10%/6.20%		
ME		Taxable wage base \$12,000. Min/Max tax rate = 0.42%/5.40%		
MD		Taxable wage base \$8,500. Min/Max tax rate = 0.30%/7.50%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
MA	Insolvent – 10/09?	Employer & <u>govt</u> contribute to fund. Taxable wage base \$14,000. Min/Max tax rate = 1.12%/10.96%		No tax rate freeze. May impose higher tax on certain employers such as construction & seasonal.
MI	Insolvent – 12/07 federal loan	Solvency tax applicable to negative balance employers during period of federal loan – deferred due to ARRA. Employers with positive reserve balance as of a certain date receive 50% SUTA credit of the increased expense due to FUTA credit reduction of .3% beginning 2010. Taxable wage base \$9,000. Min/Max tax rate = 0.06%/10.30%		Tax policy work group. Education efforts since 9/08. Likely recommend TWB increase.
MN	Insolvent – 7/09 federal loan	Taxable wage base \$26,000. Min/Max tax rate = 0.56%/10.70%		
MS		Taxable wage base \$7,000. Min/Max tax rate = 0.70%/5.40%		
MO	Insolvent 2/09 – federal loan	No automatic provisions for fund or automatic rate increase. Tax rates increased 30% when average balance in fund is less than \$350m. Taxable wage base \$12,500. Min/Max tax rate = 0.00%/9.10%		Unemployment Council formed. No plans to raise tax rates in 2010.
MT		10 rate schedules, automatic rate increases, and taxable wage base changes according to trust fund level. Taxable wage base \$25,100. Min/Max tax rate = 0.13%/6.50%		
NE		Taxable wage base \$9,000. Min/Max tax rate = 0.24%/5.40%		



STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
NV		Taxable wage base \$27,000. Min/Max tax rate = 0.25%/5.40%		
NH		Taxable wage base \$8,000. Min/Max tax rate = 0.10%/6.50%		
NJ	Insolvent – 3/09 federal loan	Transferred state money to trust fund to prevent tax increase. Taxable wage base \$28,900. Min/Max tax rate = 0.30%/5.40%		
NM		Taxable wage base \$20,800. Min/Max tax rate = 0.03%/5.40%		
NY	Insolvent – 1/09 federal loan	Taxable wage base \$8,500. Min/Max tax rate = 0.50%/8.50%		
NC	Insolvent – 2/09 federal loan	Taxable wage base \$19,300. Min/Max tax rate = 0.00%/6.84%		
ND		Taxable wage base \$23,700. Min/Max tax rate = 0.20%/9.86%		
OH	Insolvent – 1/09 federal loan	Taxable wage base \$9,000. Min/Max tax rate = 0.50%/9.20%		
OK		Taxable wage base \$14,200. Min/Max tax rate = 0.10%/5.50%		
OR		Taxable wage base \$31,300. Min/Max tax rate = 0.70%/5.40%		
PA	Insolvent – 3/09 federal loan	Automatic solvency taxes when trust fund reaches certain levels but capped at 1988 levels. Taxable wage base \$8,000. Min/Max tax rate = 1.84%/9.98%		No plans to raise TWB.
PR		Taxable wage base \$7,000. Min/Max tax rate = 1.40%/5.40%		



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STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
RI	Insolvent – 3/09 federal loan	When trust fund level is below 0 at the end of the second month of a quarter, automatic surtax of .3% added to employer's tax rate. Taxable wage base \$18,000. Min/Max tax rate = 1.69%/8.59%	Waive the surtax while tax waiver on interest due to federal loan in effect. Allows gov to make <u>interfund</u> transfer from TDI fund to UI fund.	Round table meeting w/employers, labor, government to be scheduled.
SC	Insolvent – 12/08 federal loan	Taxable wage base \$7,000. Min/Max tax rate = 1.24%/6.10%	Increase TWB from \$7,000 to \$12,000 and modify tax rate schedule.	
SD	Insolvent federal loan	Taxable wage base \$10,000. Min/Max tax rate = 0.00%/8.50%		
TN		Taxable wage base \$9,000. Min/Max tax rate = 0.40%/10.00%		
TX	Insolvent 7/09 federal loan	Tax rates adjusted based on trust fund balance as of 10/1. If balance is below 1% of taxable wages then employer's prior tax rate is adjusted up by a "deficit ratio". Taxable wage base \$9,000. Min/Max tax rate = 0.22%/6.22%		No plans to raise TWB.
UT		Taxable wage base \$27,800. Min/Max tax rate = 0.10%/9.10%		
VT	Insolvent 12/09?	Taxable wage base \$8,000. Min/Max tax rate = 0.80%/6.50%	Will increase TWB to \$10,000.	
VA	Insolvent 10/09?	Taxable wage base \$8,000. Min/Max tax rate = 0.12%/6.22%	Higher tax rates. Fund builder tax 1/1/10 and deduct 50% of SSA.	Economic Crisis Strike Force created 5/09.
VI	Insolvent federal loan	Taxable wage base \$22,100. Min/Max tax rate = 0.00%/6.00%		



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STATE	TRUST FUND STATUS	PROVISIONS IN STATE LAW	LEGISLATIVE ACTIONS	
			PAST/CURRENT	FUTURE
WA		Automatic adjustments to employer rates depending on balance in trust fund. Taxable wage base \$35,700. Min/Max tax rate = 0.00%/5.40%	Employers charged based on 2 highest <u>quarter</u> of wages. Reduced rates in schedule & reduced triggers for the social cost factor.	
WI	Insolvent – 2/09 federal loan	Higher tax schedules if reserve fund balance is reduced. Current state law limits amount of tax increase for employer. Taxable wage base \$12,000; \$13,000 in 2011; \$14,000 in 2013. Min/Max tax rate = 0.05%/9.8%		Increase taxes, decrease benefits.
WV		Recd one-time transfer from worker's comp of \$40m. Taxable wage base \$12,000 but decreases to \$9,000 when trust fund balance exceeds \$220m. Min/Max tax rate = 1.50%/7.50%		
WY		Taxable wage base \$21,500. Min/Max tax rate = 0.27%/9.03%		

DLIR Trust Fund Projections



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	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund				Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME	OUTGO	BALANCE				
				Taxes	Interest					
Projected from 3rd quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.60%	21,100	9,200,000	2,200,000	98,600,000	212,200,000*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	118,500,000	Schedule A		
CY 2009	7.4%	3.54%	20,800	41,941,972	11,517,366	389,798,654	118,500,000*	0.7%	\$13,000	\$90
2010										
1st Qtr		3.70%	21,400	4,600,000	300,000	100,400,000	23,000,000			
2nd Qtr		3.75%	21,700	107,700,000	300,000	102,400,000	28,600,000			
3rd Qtr		3.80%	22,000	92,700,000	200,000	104,500,000	17,000,000			
4th Qtr		3.70%	21,500	70,200,000	0	102,100,000	-14,900,000	Schedule F		
CY 2010	8.1%	3.74%	21,600	275,200,000	800,000	409,400,000	-14,900,000	2.75%	\$37,800	\$1,040
2011										
1st Qtr		3.50%	20,300	49,600,000	0	96,100,000	-61,400,000			
2nd Qtr		3.50%	20,300	158,800,000	0	95,800,000	1,600,000			
3rd Qtr		3.50%	20,300	137,300,000	600,000	96,400,000	43,100,000			
4th Qtr		3.50%	20,300	104,000,000	1,100,000	96,600,000	51,600,000	Schedule H		
CY 2011	7.5%	3.50%	20,300	449,700,000	1,700,000	384,900,000	51,600,000	3.90%	\$37,900	\$1,480

*** Based on the levels of unemployment projected in June 2009 by UHERO, the fund is projected to go into the negative in December 2010. Taxes will automatically increase in 2010 and 2011 under HRS § 383 resulting in a positive balance by the end of 2011.**



Free UI Federal Loan Provisions

- Section 2004 of Public Law 111-5 waived payment of interest on loans made by states to continue payment of unemployment insurance benefits. The amendments provided that any interest due on loans during February 17, 2009 to December 31, 2010 is waived. Further, no interest accrues on any advances made during this period.
- No loans are needed for 2009 and first 3 quarters of 2010.



Impact of the Proposed Furlough/Layoffs on the UI Trust Fund

- No direct impact on the UI Trust Fund as no unemployment payouts would occur under HRS § 383. (25 hours worked / 15 hours max. furlough per week)
- Fund is not depleted by State Worker UI benefits paid since under HRS § 383-62, the State is a reimbursable employer – the State pays dollar for dollar UI benefits to State workers.
- Layoffs would also not deplete fund balance. (Layoff savings would be initially diminished by benefit payouts estimated to be a maximum of 62% for the initial 26 weeks.)



Average UI Employee Taxes

(UI Taxes on an employee with annual wages at or above taxable wage base at average tax rate)

YEAR	Tax Wage Base (TWB)	X	TAX SCHEDULE	=	AVG. TAXES AT TWB
2007	\$35,300	X	Schedule B 0.8%	=	\$280
2008 (Act 110)	\$13,000	X	Schedule A 0.7%	=	\$90
2009 (Based on fund balance at end of 2008)	\$13,000	X	Schedule A 0.7%	=	\$90
Projection 2010	\$37,800	X	Schedule F 2.75%	=	\$1,040
Projection 2011	\$37,900	X	Schedule H 3.9%	=	\$1,480



UI Taxes – 1970 - 1989

CY	Tax Schedule ¹	Minimum Tax Rate	Maximum Tax Rate	New Employer Tax Rate	Average Tax Rate ¹	Taxable Wage Base ²	Average taxes at Taxable Wage Base ³	New Employer taxes at Taxable Wage Base ⁴	Minimum taxes at Taxable Wage Base ⁵	Maximum taxes at Taxable Wage Base ⁶
1970	II	0.4%	3.0%	3.0%	1.2%	\$5,500	\$70	\$165	\$20	\$170
1971	II	0.4%	3.0%	3.0%	1.4%	\$6,000	\$80	\$180	\$20	\$180
1972	I	0.8%	3.0%	3.0%	1.9%	\$6,300	\$120	\$189	\$50	\$190
1973	I	0.8%	3.0%	3.0%	1.8%	\$6,500	\$120	\$195	\$50	\$200
1974	I	0.8%/1.3%	3.0%	3.0%	1.9%	\$6,800	\$130	\$204	\$50	\$200
1975	I	1.3%/3.0%	3.0%	3.0%	2.6%	\$7,300	\$190	\$219	\$90	\$220
1976	-	3.0%	3.0%	3.0%	2.9%	\$7,800	\$230	\$234	\$230	\$230
1977	-	3.5%	3.5%	3.5%	3.5%	\$9,300	\$330	\$326	\$330	\$330
1978	-	3.5%	3.5%	3.5%	3.5%	\$9,800	\$340	\$343	\$340	\$340
1979	1.6%	1.8%	4.5%	4.5%	2.8%	\$10,400	\$290	\$468	\$190	\$470
1980	0.8%	1.0%	4.5%	4.5%	2.1%	\$11,200	\$240	\$504	\$110	\$500
1981	0.4%	0.6%	4.5%	4.5%	1.8%	\$12,200	\$220	\$549	\$70	\$550
1982	0.4%	0.6%	4.5%	4.5%	1.8%	\$13,100	\$240	\$590	\$80	\$590
1983	0.8%	1.0%	4.5%	4.5%	2.3%	\$13,800	\$320	\$621	\$140	\$620
1984	0.4%	0.6%	4.5%	4.5%	1.9%	\$14,600	\$280	\$657	\$90	\$660
1985	0.0%	0.2%	5.4%	3.6%	1.6%	\$15,100	\$240	\$544	\$30	\$820
1986	0.0%	0.2%	5.4%	3.6%	1.7%	\$15,600	\$270	\$562	\$30	\$840
1987	0.0%	0.2%	5.4%	3.6%	1.7%	\$16,500	\$280	\$594	\$30	\$890
1988	-0.5%	0.0%	5.4%	3.1%	1.3%	\$8,700	\$110	\$270	\$0	\$470
1989	-0.5%	0.0%	5.4%	3.1%	1.3%	\$18,600	\$240	\$577	\$0	\$1,000



UI Taxes – 1990 - 2008

1990	-0.5%	0.0%	5.4%	3.1%	1.3%	\$19,900	\$260	\$617	\$0	\$1,070
1991	-0.5%	0.0%	5.4%	3.1%	1.3%	\$7,000	\$90	\$217	\$0	\$380
1992	A	0.0%	5.4%	1.7%	0.6%	\$22,700	\$140	\$386	\$0	\$1,230
1993	B	0.0%	5.4%	1.9%	1.0%	\$23,900	\$240	\$454	\$0	\$1,290
1994	B	0.0%	5.4%	1.9%	1.1%	\$25,000	\$280	\$475	\$0	\$1,350
1995	D	0.2%	5.4%	3.0%	2.2%	\$25,500	\$560	\$765	\$50	\$1,380
1996	D	0.2%	5.4%	3.0%	2.1%	\$25,800	\$540	\$774	\$50	\$1,390
1997	D	0.2%	5.4%	3.0%	1.9%	\$26,000	\$490	\$780	\$50	\$1,400
1998	D	0.2%	5.4%	3.0%	1.8%	\$26,400	\$480	\$792	\$50	\$1,430
1999	D	0.2%	5.4%	3.0%	1.7%	\$27,000	\$460	\$810		\$1,460
2000	D	0.2%	5.4%	3.0%	1.7%	\$27,500	\$470	\$825	\$60	\$1,490
2001	C	0.0%	5.4%	2.4%	1.1%	\$28,400	\$310	\$682	\$0	\$1,530
2002	C	0.0%	5.4%	2.4%	1.2%	\$29,300	\$350	\$703	\$0	\$1,580
2003	D	0.2%	5.4%	3.0%	1.7%	\$30,200	\$510	\$906	\$60	\$1,630
2004	C	0.0%	5.4%	2.4%	1.2%	\$31,000	\$370	\$744	\$0	\$1,670
2005	C	0.0%	5.4%	2.4%	1.3%	\$32,300	\$420	\$775	\$0	\$1,740
2006	C	0.0%	5.4%	2.4%	1.3%	\$34,000	\$440	\$816	\$0	\$1,840
2007	B	0.0%	5.4%	1.9%	0.8%	\$35,300	\$280	\$671	\$0	\$1,910
2008	A	0.0%	5.4%	1.7%	0.7%	\$13,000	\$90	\$221	\$0	\$700

Shaded areas indicate temporary changes due to special legislation.

¹ From 1970 to 1978, one of three tax schedules triggered on depending on level of the fund; effective July 1, 1974 through March 31, 1975 all employers' tax rates were increased by 0.5%, up to a maximum of 3.0%; from April 1975 through the end of 1976, all employers paid 3.0% tax rate; for 1977 and 1978 all employers paid 3.5% tax rate; from 1979 to 1991, depending on ratio of current to adequate reserve, a fund solvency rate ranging from -0.5% to +2.4% was triggered on each year and added to each employer's basic contribution rate; from 1992 to the present, one of eight tax schedules, A through H triggers on depending on ratio of current to adequate reserve; for 2002, Schedule C remained in effect due to special legislation as a result of terrorist attacks.

² CY 1988, taxable wage base cut by special legislation due to high fund balance; CY 1991, wage base set at \$7,000 by special legislation due to Persian Gulf War;

CY 2008-2010, taxable wage base set at \$13,000 by special legislation; 2010 base reverts to regular formula (100% of average annual wage) as fund drops below Adequate Reserve level.

³ Taxable wage base times average tax rate

⁴ Taxable wage base times new employer tax rate

⁵ Taxable wage base times minimum tax rate

⁶ Taxable wage base times maximum tax rate



UI Taxes – Projected

Projected Unemployment Insurance Taxes - 2009 to 2011

CY	Tax Schedule	Minimum Tax Rate	Maximum Tax Rate	New Employer Tax Rate	Average Tax Rate	Taxable Wage Base	Average taxes at Taxable Wage Base ¹	New Employer taxes at Taxable Wage Base ²	Minimum taxes at Taxable Wage Base ³	Maximum taxes at Taxable Wage Base ⁴
2009	A	0.0%	5.4%	1.7%	0.7%	\$13,000	\$90	\$221	\$0	\$700
2010	F	1.2%	5.4%	4.0%	2.75%	\$37,800	\$1,040	\$1,512	\$450	\$2,040
	or G	1.8%	5.4%	4.6%	3.30%	\$37,800	\$1,250	\$1,739	\$680	\$2,040
2011	H	2.4%	5.4%	5.2%	3.90%	\$37,900	\$1,480	\$1,971	\$910	\$2,050

¹Taxable wage base times average tax rate

²Taxable wage base times new employer tax rate

³Taxable wage base times minimum tax rate

⁴Taxable wage base times maximum tax rate



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Number of Employers by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A.

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows that employers are distributed among a wide range of tax rates within industry groups.

For example, although employers in the Construction industry (Col 5) tend to experience high unemployment, 349 employers are assigned the zero rate for calendar year 2009.

New employers are assigned the 1.7% tax rate under Schedule A. This is the reason for the large number of employers in Col 21, Unknown industry in the 1.7% group. New employers do not qualify for experience rating until they have one year of employment and their industry assignment may still be pending.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	132	13	349	363	778	1125	220	130	383	686	1306	55	498	146	1338	104	724	1353	9	9712	31%
0.1%	2.2%	20	2	103	62	128	211	34	26	73	93	200	18	105	35	170	50	196	212	5	1743	6%
0.3%	2.4%	16	2	117	46	117	231	37	20	61	98	170	9	95	26	178	31	196	169	2	1621	5%
0.5%	2.6%	27	1	102	56	89	170	41	20	52	77	194	12	106	38	149	34	198	167	4	1537	5%
0.7%	2.8%	16	3	120	43	108	148	50	21	57	85	190	10	110	31	112	22	153	159	1	1439	5%
0.9%	3.0%	15	1	142	50	104	162	42	23	57	85	206	16	105	28	110	25	131	155	9	1466	5%
1.1%	3.2%	37	8	300	89	180	361	100	44	128	170	455	29	275	63	243	61	335	327	85	3290	11%
1.3%	3.6%	22	2	196	41	59	140	58	21	36	58	127	4	138	23	106	24	156	120	8	1339	4%
1.7%	4.0%	38	4	468	84	214	350	104	102	154	201	576	19	362	83	263	79	397	331	1109	4938	16%
2.1%	4.4%	12		222	24	26	65	19	17	17	23	55	3	60	9	27	4	51	57	1	692	2%
2.5%	5.0%	9	1	143	16	13	21	15	8	6	20	28	3	26	6	10	9	17	55		406	1%
2.9%	5.4%	18	1	397	20	30	42	23	25	16	28	79	1	53	8	19	9	23	102	4	898	3%
3.4%	5.4%	11		137	4	2	6	4		2	7	10	1	6	3	4	2		7	2	208	1%
4.1%	5.4%	8		51	2	2		1	1	1	1	1	1	2		1	4	2	1		79	0%
4.7%	5.4%	2		23	3	1	1		1	1		3							1		36	0%
5.4%	5.4%	42	2	270	61	66	136	74	40	54	64	152	5	141	19	80	29	158	135	340	1868	6%
Total		425	40	3140	964	1917	3169	822	499	1098	1696	3752	186	2082	518	2810	487	2737	3351	1579	31272	100%



DEPARTMENT OF LABOR & INDUSTRIAL RELATIONS

Employment (Number of Workers in calendar year 2008) by Industry Sectors and 2009 Tax Rates under Schedule A with Comparison to Schedule F Tax Rates

Col 1: Tax rates assigned to employers for calendar year 2009 under Schedule A

Col 2: Tax rates under Schedule F, projected to be in effect for calendar year 2010. For 2010, employers may move into different groups based on their 2009 tax and benefit experience.

This table shows the number of workers the employers in Table 1 employed in calendar year 2008. Employment is also distributed among a wide range of tax rates within industry groups. Using the same group in the Table 1 example, Construction industry, (Col 5), the 349 employers assigned the zero rate for calendar year 2009 had 1,656 workers in 2008.

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15	Col 16	Col 17	Col 18	Col 19	Col 20	Col 21	Col 22	Col 23
2009 Tax Rates Schedule A	Schedule F Tax Rates	Natural Resources & Mining	Utilities	Construction	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Information	Finance & Insurance	Real Estate, Rental & Leasing	Professional & Technical Services	Management of Companies & Enterprises	Administrative & Waste Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Service	Other Services, except Public Administration	Unknown Industry	All Employers	Percent distribution
0.0%	1.2-2.0%	1327	2304	1656	6504	7605	31921	11641	5336	12051	3901	8164	290	6787	3037	15178	2815	30455	8859	42	159873	35%
0.1%	2.2%	318	414	959	1408	2775	7453	1063	1438	1521	1098	2035	158	3398	587	2855	1699	9624	1958	3	40764	9%
0.3%	2.4%	156	161	1221	963	2275	10686	927	291	2141	1490	1535	46	2247	393	2654	676	10963	2385		41210	9%
0.5%	2.6%	651	16	807	727	854	4673	1340	340	469	850	2088	91	2782	770	2514	998	10303	1851	2	32126	7%
0.7%	2.8%	185	61	1147	717	1077	3232	922	296	704	918	1481	13	4161	316	2806	419	4851	1065		24371	5%
0.9%	3.0%	981	9	1216	644	1280	2265	1251	693	350	1382	1230	82	3509	312	3774	726	5494	968	4	26170	6%
1.1%	3.2%	330	71	1695	738	961	3195	968	547	465	765	1998	178	6252	448	2595	389	6025	1626	83	29329	6%
1.3%	3.6%	983	26	2898	911	491	2232	2610	446	417	720	1212	45	4036	343	3481	418	6999	1251	9	29528	6%
1.7%	4.0%	949	4	3658	583	557	1996	1435	747	515	704	1483	24	11261	362	1736	585	3716	989	311	31615	7%
2.1%	4.4%	326		4196	375	247	523	1114	179	137	155	281	75	2948	29	132	84	1421	269		12491	3%
2.5%	5.0%	179	3	4077	309	32	61	268	25	9	82	149	6	246	52	26	52	890	163		6629	1%
2.9%	5.4%	274		8614	52	53	99	263	574	19	55	456	1	296	36	51	62	136	257	6	11304	2%
3.4%	5.4%	284		2006	32	1	35	2			10	18		17	6	5			3		2419	1%
4.1%	5.4%	36		417	1	2		1	67	2	2	1	12	11		2	131	3			688	0%
4.7%	5.4%	2		395	230	1	1		57			1									687	0%
5.4%	5.4%	55	2	500	150	120	250	1172	69	80	160	289	7	396	61	226	112	1948	219	83	5899	1%
Total		7036	3071	35462	14344	18331	68622	24977	11105	18880	12292	22421	1028	48347	6752	38035	9166	92828	21863	543	455103	100%



Estimated UI Taxes at Schedules A through H on CY 2010 and CY 2011

Note: Taxes are collected on a one quarter lag, so taxes shown below will be collected from April of the current year through March of the following year.

Tax Schedule	Estimated Average Tax Rate	Estimated taxes	
		CY 2010	CY 2011
A	0.71%	\$82,700,000	\$86,200,000
B	0.90%	\$104,800,000	\$109,300,000
C	1.35%	\$157,200,000	\$163,900,000
D	1.80%	\$209,700,000	\$218,500,000
E	2.20%	\$256,300,000	\$267,100,000
F	2.75%	\$320,300,000	\$333,900,000
G	3.30%	\$384,400,000	\$400,600,000
H	3.90%	\$454,300,000	\$473,500,000
Estimated taxable wages:		\$11,648,100,000	\$12,140,600,000



Estimated Unemployment Insurance (UI) Taxes Per Employee for Calendar Year 2010

UI taxes owed per employee = employer's tax rate times wages paid to employee.

Wages taxed per employee per year limited to "taxable wage base" (TWB) amount. No taxes due on wages over TWB.
Estimated TWB for calendar year 2010 = \$37,800.

Employer's UI tax rates vary depending on their tax and benefit experience and the Tax Schedule in effect for the year.
Projected Tax Schedule for CY 2010 = F or G

Under Schedule F: Employer tax rates range from minimum of 1.2% to maximum of 5.4%.

Under Schedule G: Employer tax rates range from minimum of 1.8% to maximum of 5.4%.

The following tables show the estimated UI taxes per employee at Schedule F or Schedule G at three levels of wages.

Taxes on an employee earning the MINIMUM WAGE

Hourly wage:

\$7.25

Annual wage (40 hrs/wk x 52 weeks)

\$15,080

	If Schedule F		If Schedule G	
	Tax Rate	CY 2010 taxes	Tax Rate	CY 2010 taxes
If employer is at minimum tax rate	1.20%	\$180	1.80%	\$270
If employer tax rate is average tax rate	2.75%	\$410	3.30%	\$500
If employer is at maximum tax rate	5.40%	\$810	5.40%	\$810



Taxes on an employee earning \$10 PER HOUR

Hourly wage:

\$10.00

Annual wage (40 hrs/wk x 52 weeks)

\$20,800

	If Schedule F		If Schedule G	
	Tax Rate	CY 2010 taxes	Tax Rate	CY 2010 taxes
If employer is at minimum tax rate	1.20%	\$250	1.80%	\$370
If employer tax rate is average tax rate	2.75%	\$570	3.30%	\$690
If employer is at maximum tax rate	5.40%	\$1,120	5.40%	\$1,120

Taxes on an employee earning \$20 (OR MORE) PER HOUR

Hourly wage:

\$20.00

Annual wage (40 hrs/wk x 52 weeks)

\$41,600

Wages taxed, limited to TWB:

\$37,800

Employee was paid more than the TWB of \$37,800, therefore wages in excess of TWB not subject to UI tax.

	If Schedule F		If Schedule G	
	Tax Rate	CY 2010 taxes	Tax Rate	CY 2010 taxes
If employer is at minimum tax rate	1.20%	\$450	1.80%	\$680
If employer tax rate is average tax rate	2.75%	\$1,040	3.30%	\$1,250
If employer is at maximum tax rate	5.40%	\$2,040	5.40%	\$2,040



Number of UI Exhaustees

Summary: The number of claimants exhausting their 26 weeks of regular benefits has been increasing, reaching 2,498 in August 2009. Also, in August, 2,358 claimants exhausted their federal EUC (33 weeks of additional) benefits. EUC benefits were extended by 13 weeks effective May 2009.